

1 AN ACT in relation to public employee benefits.

2 Be it enacted by the People of the State of Illinois,
3 represented in the General Assembly:

4 Section 5. The Illinois Pension Code is amended by
5 changing Section 3-110 as follows:

6 (40 ILCS 5/3-110) (from Ch. 108 1/2, par. 3-110)
7 Sec. 3-110. Creditable service.

8 (a) "Creditable service" is the time served by a police
9 officer as a member of a regularly constituted police force
10 of a municipality. In computing creditable service furloughs
11 without pay exceeding 30 days shall not be counted, but all
12 leaves of absence for illness or accident, regardless of
13 length, and all periods of disability retirement for which a
14 police officer has received no disability pension payments
15 under this Article shall be counted.

16 (a-5) Up to 3 years of time during which the police
17 officer receives a disability pension under Section 3-114.1,
18 3-114.2, 3-114.3, or 3-114.6 shall be counted as creditable
19 service, provided that (i) the police officer returns to
20 active service after the disability for a period at least
21 equal to the period for which credit is to be established and
22 (ii) the police officer makes contributions to the fund based
23 on the rates specified in Section 3-125.1 and the salary upon
24 which the disability pension is based. These contributions
25 may be paid at any time prior to the commencement of a
26 retirement pension. The police officer may, but need not,
27 elect to have the contributions deducted from the disability
28 pension or to pay them in installments on a schedule approved
29 by the board. If not deducted from the disability pension,
30 the contributions shall include interest at the rate of 6%
31 per year, compounded annually, from the date for which

1 service credit is being established to the date of payment.
2 If contributions are paid under this subsection (a-5) in
3 excess of those needed to establish the credit, the excess
4 shall be refunded. This subsection (a-5) applies to persons
5 receiving a disability pension under Section 3-114.1,
6 3-114.2, 3-114.3, or 3-114.6 on the effective date of this
7 amendatory Act of the 91st General Assembly, as well as
8 persons who begin to receive such a disability pension after
9 that date.

10 (b) Creditable service includes all periods of service
11 in the military, naval or air forces of the United States
12 entered upon while an active police officer of a
13 municipality, provided that upon applying for a permanent
14 pension, and in accordance with the rules of the board, the
15 police officer pays into the fund the amount the officer
16 would have contributed if he or she had been a regular
17 contributor during such period, to the extent that the
18 municipality which the police officer served has not made
19 such contributions in the officer's behalf. The total amount
20 of such creditable service shall not exceed 5 years, except
21 that any police officer who on July 1, 1973 had more than 5
22 years of such creditable service shall receive the total
23 amount thereof.

24 (b-1) In addition to any creditable service established
25 under subsection (b), creditable service may be granted for
26 up to 24 months of service in the armed forces of the United
27 States that was not immediately preceded by employment as a
28 police officer. In order to receive creditable service for
29 military service under this subsection (b-1), a police
30 officer must (1) apply to the Fund in writing and provide
31 evidence of the military service that is satisfactory to the
32 Board and (2) make contributions to the Fund equal to (i) the
33 employee contributions that would have been required had the
34 service been rendered as a member, plus (ii) an amount

1 determined by the board to be equal to the employer's normal
2 cost of the benefits accrued for that military service, plus
3 (iii) interest on items (i) and (ii) from the date of first
4 membership in the Fund to the date of payment. If payment is
5 made during the 6-month period that begins 3 months after the
6 effective date of this amendatory Act of the 93rd General
7 Assembly, the required interest shall be at the rate of 2.5%
8 per year, compounded annually; otherwise, the required
9 interest shall be calculated at the rate of 6% per year,
10 compounded annually.

11 (c) Creditable service also includes service rendered by
12 a police officer while on leave of absence from a police
13 department to serve as an executive of an organization whose
14 membership consists of members of a police department,
15 subject to the following conditions: (i) the police officer
16 is a participant of a fund established under this Article
17 with at least 10 years of service as a police officer; (ii)
18 the police officer received no credit for such service under
19 any other retirement system, pension fund, or annuity and
20 benefit fund included in this Code; (iii) pursuant to the
21 rules of the board the police officer pays to the fund the
22 amount he or she would have contributed had the officer been
23 an active member of the police department; and (iv) the
24 organization pays a contribution equal to the municipality's
25 normal cost for that period of service.

26 (d)(1) Creditable service also includes periods of
27 service originally established in another police pension
28 fund under this Article or in the Fund established under
29 Article 7 of this Code for which (i) the contributions
30 have been transferred under Section 3-110.7 or Section
31 7-139.9 and (ii) any additional contribution required
32 under paragraph (2) of this subsection has been paid in
33 full in accordance with the requirements of this
34 subsection (d).

1 (2) If the board of the pension fund to which
2 creditable service and related contributions are
3 transferred under Section 3-110.7 or 7-139.9 determines
4 that the amount transferred is less than the true cost to
5 the pension fund of allowing that creditable service to
6 be established, then in order to establish that
7 creditable service the police officer must pay to the
8 pension fund, within the payment period specified in
9 paragraph (3) of this subsection, an additional
10 contribution equal to the difference, as determined by
11 the board in accordance with the rules and procedures
12 adopted under paragraph (6) of this subsection.

13 (3) Except as provided in paragraph (4), the
14 additional contribution must be paid to the board (i)
15 within 5 years from the date of the transfer of
16 contributions under Section 3-110.7 or 7-139.9 and (ii)
17 before the police officer terminates service with the
18 fund. The additional contribution may be paid in a lump
19 sum or in accordance with a schedule of installment
20 payments authorized by the board.

21 (4) If the police officer dies in service before
22 payment in full has been made and before the expiration
23 of the 5-year payment period, the surviving spouse of the
24 officer may elect to pay the unpaid amount on the
25 officer's behalf within 6 months after the date of death,
26 in which case the creditable service shall be granted as
27 though the deceased police officer had paid the remaining
28 balance on the day before the date of death.

29 (5) If the additional contribution is not paid in
30 full within the required time, the creditable service
31 shall not be granted and the police officer (or the
32 officer's surviving spouse or estate) shall be entitled
33 to receive a refund of (i) any partial payment of the
34 additional contribution that has been made by the police

1 officer and (ii) those portions of the amounts
2 transferred under subdivision (a)(1) of Section 3-110.7
3 or subdivisions (a)(1) and (a)(3) of Section 7-139.9 that
4 represent employee contributions paid by the police
5 officer (but not the accumulated interest on those
6 contributions) and interest paid by the police officer to
7 the prior pension fund in order to reinstate service
8 terminated by acceptance of a refund.

9 At the time of paying a refund under this item (5),
10 the pension fund shall also repay to the pension fund
11 from which the contributions were transferred under
12 Section 3-110.7 or 7-139.9 the amount originally
13 transferred under subdivision (a)(2) of that Section,
14 plus interest at the rate of 6% per year, compounded
15 annually, from the date of the original transfer to the
16 date of repayment. Amounts repaid to the Article 7 fund
17 under this provision shall be credited to the appropriate
18 municipality.

19 Transferred credit that is not granted due to
20 failure to pay the additional contribution within the
21 required time is lost; it may not be transferred to
22 another pension fund and may not be reinstated in the
23 pension fund from which it was transferred.

24 (6) The Public Employee Pension Fund Division of
25 the Department of Insurance shall establish by rule the
26 manner of making the calculation required under paragraph
27 (2) of this subsection, taking into account the
28 appropriate actuarial assumptions; the police officer's
29 service, age, and salary history; the level of funding of
30 the pension fund to which the credits are being
31 transferred; and any other factors that the Division
32 determines to be relevant. The rules may require that
33 all calculations made under paragraph (2) be reported to
34 the Division by the board performing the calculation,

1 together with documentation of the creditable service to
2 be transferred, the amounts of contributions and interest
3 to be transferred, the manner in which the calculation
4 was performed, the numbers relied upon in making the
5 calculation, the results of the calculation, and any
6 other information the Division may deem useful.

7 (Source: P.A. 90-460, eff. 8-17-97; 91-887, eff. 7-6-00;
8 91-939, eff. 2-1-01.)

9 Section 90. The State Mandates Act is amended by adding
10 Section 8.27 as follows:

11 (30 ILCS 805/8.27 new)

12 Sec. 8.27. Exempt mandate. Notwithstanding Sections 6
13 and 8 of this Act, no reimbursement by the State is required
14 for the implementation of any mandate created by this
15 amendatory Act of the 93rd General Assembly.

16 Section 99. Effective date. This Act takes effect upon
17 becoming law.